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**Merchant Advisory Group Comments  
to the Federal Reserve System on  
Potential modifications to operating hours for the Reserve Banks'  
National Settlement Service and Fedwire Funds Service**

**July 15, 2019**

The Merchant Advisory Group (MAG) appreciates the opportunity to comment on potential modifications to the Federal Reserve Banks' (Fed) National Settlement Service (NSS) and Fedwire Funds Service to support enhancements to the same-day automated clearinghouse (ACH) service, as well as the opportunity to comment on corresponding changes to the Federal Reserve Policy on Payment System Risk related to a new posting time for transactions and an increased daylight overdraft fee.

Founded in 2008 by a small visionary group of merchants in the payments field, the MAG is dedicated to driving positive change in payments through multi-stakeholder collaboration. MAG represents over 140 of the largest U.S. merchants, which account for over \$3.4 Trillion in annual sales at over 950,000 locations across the U.S. and online. Roughly \$2.7 Trillion of those sales and over 73 Billion card payments are electronic, and MAG members employ over 12.5 million associates.

The MAG supports lengthier and additional ACH settlement windows. The Fed's proposal to adjust their services so that same day ACH transactions can settle later in the day via the NSS, in accordance with NACHA rules changes, gives more flexibility to businesses that need access to payments services later in the day. Their proposed changes also allow for sufficient time between the closing of the NSS and the Fedwire Funds third-party cutoff, and between the Fedwire Funds third-party cutoff and the closing of the Fedwire Funds Service for depository institutions and their customers to reposition balances and manage liquidity. The proposed changes are important not only for west coast businesses but are also critical to growing ecommerce channels. Consumers transact 24 hours a day, 7 days a week, 365 days a year, and there are no longer "off hours" in digital commerce. Extended ACH settlement windows for all payments industry participants will bring more efficiency and certainty into the system for not only merchants, but all stakeholders.

The additional window and changes to operating hours will allow for increased productivity and cost-savings in the payments system. Merchants believe that expanding the NSS and Fedwire Funds Service, and thus giving merchants additional ACH processing options, will better serve our businesses, associates, and customers. Progress toward faster payments is important, and merchants would like to stay engaged in the development of ACH expansion to ensure operational issues that counter any anticipated benefits do not occur.

The Fed's proposed modifications are beneficial improvements; however, merchants' ultimate goal is to have real-time payments and funds availability. Security, competition and transparency are important principles for the United States payments system. The MAG supports the Fed's potential modifications as an intermediary step before a real-time funds settlement system is available because they would make ACH processing more efficient and give merchants secure, competitive and transparent options in payments processing.

Extended ACH settlement windows will allow merchants to make greater use of ACH processing, creating benefits for not only their businesses but also their customers. The MAG appreciates the Fed's evaluation of modifying NSS and the Fedwire Funds Service and supports these proposals to enhance the current ACH. We look forward to working together to achieve accessible and faster ACH processing for all stakeholders in the payments system.